

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Gerrish Township	County Roscommon
Audit Date 3/31/05	Opinion Date 7/27/05	Date Accountant Report Submitted to State: 9/29/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson & Decker, P.C.			
Street Address P.O. Box 746	Digitally signed by James M. Anderson, CPA DN: cn=James M. Anderson, CPA, o=US, ou=Anderson & Decker, PC, email=jma@m33access.com Date: 2005.09.29 09:12:16 -04'00'	City Roscommon	State MI
Accountant Signature 		ZIP 48653	Date 9/29/05

**TOWNSHIP OF GERRISH
ROSCOMMON COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2005**

TOWNSHIP OFFICIALS

Supervisor

Greg Gaylor

Clerk

Norma Boyle

Treasurer

Rebecca Ragan

TRUSTEES

Jim Lippert

James Ostling

TOWNSHIP OF GERRISH

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TOWNSHIP OF GERRISH

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Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
(989) 275-8831

INDEPENDENT AUDITORS' REPORT

July 27, 2005

Township Board
Gerrish Township
Roscommon County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Gerrish, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on these financial statements on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

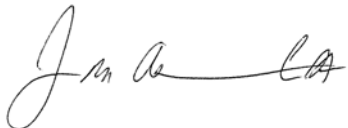
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of Gerrish, as of March 31, 2005, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2005, on our consideration of the Township of Gerrish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

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Township Board
Gerrish Township
Roscommon County, Michigan

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005.

The management's discussion and analysis on pages 3-8 and budgetary comparison information on pages 27-36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in dark ink, appearing to read "J. Anderson", is written over the printed name.

ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF GERRISH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gerrish Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005.

Financial Highlights

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$3,653,594 (*net assets*). Of this amount, \$2,680,236 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$340,816.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$518,947, an increase of \$15,718 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$513,947 or 93% of total general expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

TOWNSHIP OF GERRISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural. The Township does not have any business-type activities as of and for the year ended March 31, 2005.

The Government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains six governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Police, Sanitation, Cemetery and Building Authority Funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11-15 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWNSHIP OF GERRISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-26 of this report.

Government-wide Financial Analysis

(Because this is the first year of implementation of Governmental Accounting Standards Board Statement No. 34, which requires, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of Township-wide data will be presented.)

A portion of the Township's net assets (27%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Township's Net Assets

	<u>Governmental Activities</u>
Current and Other Assets	\$ 2,693,354
Capital Assets, Net	<u>1,348,358</u>
Total Assets	4,041,712
Current Liabilities	28,118
Long-Term Liabilities	<u>360,000</u>
Total Liabilities	388,118
Net Assets:	
Invested in Capital Assets, Net	
Of Related Debt	973,358
Unrestricted	<u>2,680,236</u>
Total Net Assets	<u><u>\$ 3,653,594</u></u>

TOWNSHIP OF GERRISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$340,816 during the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$297,909 or 11%, during fiscal year 2005.

Township's Changes in Net Assets

	<u>Governmental Activities</u>
Revenue:	
Program Revenue:	
Charges for services	\$ 190,810
Operating Grants and Contributions	26,550
General Revenue:	
Property Taxes	1,549,677
State-Shared Revenues	217,951
Interest	35,987
Other	<u>16,619</u>
Total Revenue	<u>2,037,594</u>
Expenses:	
General Government	396,537
Public Safety	992,121
Public Works	272,195
Recreation and cultural	15,831
Other	<u>20,094</u>
Total Expenses	<u>1,696,778</u>
Increase in Net Assets	340,816
Net Assets, Beginning of Year	<u>3,312,778</u>
Net Assets, End of Year	<u><u>\$ 3,653,594</u></u>

Governmental activities. The Township's total governmental revenues increased by \$157,865 from last fiscal year. This was primarily attributed to additional revenue from property taxes. Expenses increased by \$11,062.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWNSHIP OF GERRISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,680,236, an increase of \$297,909 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 93% of total general fund expenditures.

The fund balance of the General Fund increased by \$15,718 during the current fiscal year.

General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Police, Sanitation, Cemetery and Building Authority Funds.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounted to \$1,348,358 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$172,775 for the fiscal year.

Township's Capital Assets
(net of depreciation)

Land	\$ 10,000
Buildings and Improvements	855,176
Machinery and Equipment	<u>483,182</u>
Total	<u>\$ 1,348,358</u>

Additional information on the Township's capital assets can be found in note F on page 24 of this report.

TOWNSHIP OF GERRISH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Factors Bearing on the Township's Future

The following factors were considered in preparing the Township's budget for the 2005-2006 fiscal year:

- . The State of Michigan has made significant cuts in their operating budgets due to a down turn of the economy. For 2004-2005, the Township received \$211,992 in state shared revenues, representing 37% of the revenues in the General Fund. The amounts of state shared revenues for future periods is uncertain and will affect the Township's budget.
- . The police Fund is continuing to upgrade its equipment through the purchase of a new patrol car, radar equipment and possibly bicycles for patrol. In addition, the Township is exploring the concept of sponsoring a School liaison officer.
- . The Township has recently completed the new West Side Station fire hall. Fire and Ambulance equipment is needed to make the hall fully functional. In addition, the Township is investigating purchasing a new ambulance.
- . The Township has recently allocated funds for paving in the cemetery.
- . The Township is studying the possibility of a .50 millage allocation for township road maintenance and improvements. The Board intends to spend what it can on road maintenance each year.
- . A grant has been applied for which entails the purchase of lake-front property on Higgins Lake for the purpose of a township owned marina with an estimated cost of \$6,000,000. A revenue bond will be used for 30% of the cost with a DNR grant covering the remaining 70%.
- . The Township is planning for an ice rink. In addition the board is in the process of selling Township owned property for approximately \$350,000. The proceeds are intended to be deposited in the Parks and Recreation Fund.
- . A Township master plan is being developed by the Planning Committee.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Gerrish Township
2997 E. Higgins Lake Dr.
Roscommon, MI 48653**

TOWNSHIP OF GERRISH
STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 1,095,065
Receivables:	
Accounts Receivable	13,489
Interest	4,444
Taxes and Assessments	1,547,917
Other Governmental Units	<u>32,439</u>
Total Current Assets	2,693,354
Non-Current Assets:	
Capital Assets - Net	<u>1,348,358</u>
Total Assets	<u>4,041,712</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	13,118
Current Portion of Long-Term Debt	<u>15,000</u>
Total Current Liabilities	<u>28,118</u>
Long-Term Liabilities:	
Bonds Payable	<u>360,000</u>
Total Liabilities	<u>388,118</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	973,358
Unrestricted	<u>2,680,236</u>
Total Net Assets	<u><u>\$ 3,653,594</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES					
General	\$ (396,537)	\$ 17,116	\$ -0-	\$ -0-	\$ (379,421)
Public Safety	(992,121)	173,694	26,550	-0-	(791,877)
Public Works	(272,195)	-0-	-0-	-0-	(272,195)
Recreation and Cultural	(15,831)	-0-	-0-	-0-	(15,831)
Interest on Long-Term Debt	(20,094)	-0-	-0-	-0-	(20,094)
Total Governmental Activities	<u>\$(1,696,778)</u>	<u>\$ 190,810</u>	<u>\$ 26,550</u>	<u>\$ -0-</u>	<u>\$ (1,479,418)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purpose					232,194
Public Safety					1,026,763
Public Works					290,720
State Shared Revenue not restricted to specific purposes					217,951
Miscellaneous					16,619
Investment Earnings					<u>35,987</u>
Total General Revenues					<u>1,820,234</u>
Change in Net Assets					340,816
Net Assets - April 1					<u>3,312,778</u>
Net Assets - March 31					<u>\$ 3,653,594</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

ASSETS	<u>General</u>	<u>Fire</u>
Cash and investments	\$ 213,650	\$ 340,033
Taxes receivable	243,568	527,391
Due from other Governmental Units	32,439	-0-
Accounts receivable	-0-	13,489
Interest receivable	4,076	140
Due from other funds	<u>29,102</u>	<u>-0-</u>
Total Assets	<u>\$ 522,835</u>	<u>\$ 881,053</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 3,888	\$ 1,920
Due to other funds	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>3,888</u>	<u>1,920</u>
Fund Equity:		
Fund balance:		
Undesignated	<u>518,947</u>	<u>879,133</u>
Total Fund Equity	<u>518,947</u>	<u>879,133</u>
Total Liabilities and Fund Equity	<u>\$ 522,835</u>	<u>\$ 881,053</u>

The accompanying notes are an integral part of these financial statements.

<u>Police</u>	<u>Sanitation</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 135,294	\$ 165,880	\$ 240,208	\$ 1,095,065
498,576	278,382	-0-	1,547,917
-0-	-0-	-0-	32,439
-0-	-0-	-0-	13,489
136	92	-0-	4,444
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>29,102</u>
<u>\$ 634,006</u>	<u>\$ 444,354</u>	<u>\$ 240,208</u>	<u>\$ 2,722,456</u>

\$ 6,719	\$ 591	\$ -0-	\$ 13,118
<u>14,333</u>	<u>14,769</u>	<u>-0-</u>	<u>29,102</u>
<u>21,052</u>	<u>15,360</u>	<u>-0-</u>	<u>42,220</u>

<u>612,954</u>	<u>428,994</u>	<u>240,208</u>	<u>2,680,236</u>
<u>612,954</u>	<u>428,994</u>	<u>240,208</u>	<u>2,680,236</u>
<u>\$ 634,006</u>	<u>\$ 444,354</u>	<u>\$ 240,208</u>	<u>\$ 2,722,456</u>

TOWNSHIP OF GERRISH
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
MARCH 31, 2005

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES	\$ 2,680,236
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated depreci- tion.	1,348,358
Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(375,000)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,653,594</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Police</u>
Revenues:			
Taxes and assessments	\$ 244,532	\$ 527,716	\$ 499,047
Intergovernmental	217,951	14,476	12,074
Charges for services	9,636	95,179	1,226
Licenses and permits	77,289	-0-	-0-
Interest	10,786	6,305	3,733
Other	<u>15,533</u>	<u>40</u>	<u>1,046</u>
Total Revenues	<u>575,727</u>	<u>643,716</u>	<u>517,126</u>
Expenditures:			
General government	367,762	-0-	-0-
Building administration	82,734	-0-	-0-
Law enforcement	-0-	-0-	440,939
Fire	-0-	523,156	-0-
Sanitation	-0-	-0-	-0-
Road projects	41,130	-0-	-0-
Cemetery	-0-	-0-	-0-
Recreation and cultural	13,289	-0-	-0-
Debt service:			
Principal	-0-	-0-	-0-
Interest and fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Expenditures	<u>504,915</u>	<u>523,156</u>	<u>440,939</u>
Excess:			
Revenue over (under) expenditures	<u>70,812</u>	<u>120,560</u>	<u>76,187</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	-0-
Operating transfers (out)	<u>(55,094)</u>	<u>-0-</u>	<u>(16,841)</u>
Total Other Financing Sources (Uses)	<u>(55,094)</u>	<u>-0-</u>	<u>(16,841)</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	<u>15,718</u>	<u>120,560</u>	<u>59,346</u>
Fund Balance - April 1	475,139	758,573	553,608
Prior Period Adjustment	<u>28,090</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance April 1 (restated)	<u>503,229</u>	<u>758,573</u>	<u>553,608</u>
Fund Balance - March 31	<u><u>\$ 518,947</u></u>	<u><u>\$ 879,133</u></u>	<u><u>\$ 612,954</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Sanitation</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 278,382	\$ -0-	\$ 1,549,677
-0-	-0-	244,501
-0-	7,480	113,521
-0-	-0-	77,289
3,079	12,084	35,987
-0-	-0-	16,619
<u>281,461</u>	<u>19,564</u>	<u>2,037,594</u>
-0-	-0-	367,762
-0-	-0-	82,734
-0-	-0-	440,939
-0-	-0-	523,156
231,065	-0-	231,065
-0-	-0-	41,130
-0-	4,516	4,516
-0-	-0-	13,289
-0-	15,000	15,000
-0-	20,094	20,094
<u>231,065</u>	<u>39,610</u>	<u>1,739,685</u>
<u>50,396</u>	<u>(20,046)</u>	<u>297,909</u>
-0-	71,935	71,935
-0-	-0-	(71,935)
<u>-0-</u>	<u>71,935</u>	<u>-0-</u>
<u>50,396</u>	<u>51,889</u>	<u>297,909</u>
378,598	188,319	2,354,237
-0-	-0-	28,090
<u>378,598</u>	<u>188,319</u>	<u>2,382,327</u>
<u>\$ 428,994</u>	<u>\$ 240,208</u>	<u>\$ 2,680,236</u>

TOWNSHIP OF GERRISH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 340,816
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds do not report long-term debt; therefore, debt service payments are recorded as expenditures. However in government-wide financial statements, long-term debt is recorded as a liability and payments are applied against the outstanding balances.	(15,000)
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets are capitalized and depreciation charged to expense over their use- ful life.	<u>(27,907)</u>
CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 297,909</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
STATEMENT OF FIDUCIARY NET ASSETS
MARCH 31, 2005

ASSETS	
Cash and Investments	<u>\$1,447,875</u>
LIABILITIES	
Undistributed Collections	<u>1,447,875</u>
Total Liabilities	<u>1,447,875</u>
NET ASSETS	
Net Assets	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED MARCH 31, 2005

REVENUES	
Property Tax Collections	\$ 6,223,244
Interest Collections	9,127
Other	<u>7,992</u>
Total Revenues	<u>6,240,363</u>
EXPENDITURES	
Property Taxes	6,223,244
Other	<u>17,119</u>
Total Expenditures	<u>6,240,363</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005

NOTE A: ENTITY

The Township of Gerrish is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Gerrish (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Gerrish conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2004, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - And Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire and ambulance service. The main source of revenue is derived from property taxes and ambulance fees.

The *Police Fund* is used to account for activity related to the Township's law enforcement services. The major source of revenue is from property taxes.

The *Sanitation Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

The Township reports, in total, the following non-major governmental funds:

Cemetery Fund
Building Authority

Additionally, the Township reports the following fund types:

Agency Funds are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2004, are recorded as revenue in the current year. The Township's taxable value for the 2004 tax year totaled \$225,951,362.

The tax rates for the year ended March 31, 2005, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	1.0252 mills per \$1,000
Fire	2.3800 mills per \$1,000 (real property only)
Ambulance	2.2500 mills per \$1,000
Sanitation	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE C - CASH AND INVESTMENTS

The balance sheet accounts and types of cash items are presented below:

<u>Balance Sheet Accounts</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash and investments	\$ 1,095,065	Petty Cash	\$ 200
		Checking and Savings Account	202,939
		Investments	891,926
Total	<u>\$ 1,095,065</u>	Total	<u>\$ 1,095,065</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$202,939 and the bank balance was \$205,201. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 50% of the total bank balance was covered by federal depository insurance.

The Government Accounting Standards Board Statement No. 3 risk disclosures for Gerrish Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 100,000	\$ 102,263
Uninsured and Uncollateralized	102,939	102,938
Total Deposits	<u>\$ 202,939</u>	<u>\$ 205,201</u>

Investments - Act 217, PA 1982, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

All of the Township's investments totaling \$891,926 were in the Bank One Trust which are made up of U.S. Treasury, Agencies, and instrumentalities, commercial paper, banker's acceptances and repurchase agreements.

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2005

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance billings of \$13,489.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the State of Michigan of \$32,439.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

<u>Primary Government</u>	<u>Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Land	<u>\$ 10,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 10,000</u>
Total capital Assets, not being depreciated	<u>10,000</u>	<u>-0-</u>	<u>-0-</u>	<u>10,000</u>
Capital assets, being depreciated:				
Building and improvements	<u>1,622,313</u>	<u>132,583</u>	<u>-0-</u>	<u>1,754,896</u>
Machinery and equipment	<u>1,007,297</u>	<u>40,192</u>	<u>-0-</u>	<u>1,047,489</u>
Total capital assets, being depreciated	<u>2,629,610</u>	<u>172,775</u>	<u>-0-</u>	<u>2,802,385</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>858,949</u>	<u>40,771</u>	<u>-0-</u>	<u>899,720</u>
Machinery and equipment	<u>460,210</u>	<u>104,097</u>	<u>-0-</u>	<u>564,307</u>
Total accumulated depreciation	<u>1,319,159</u>	<u>144,868</u>	<u>-0-</u>	<u>1,464,027</u>
Net capital assets, being depreciated	<u>1,310,451</u>	<u>27,907</u>	<u>-0-</u>	<u>1,338,358</u>
Net governmental activities capital assets	<u>\$ 1,320,451</u>	<u>\$ 27,907</u>	<u>\$ -0-</u>	<u>\$ 1,348,358</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 25,389
Public safety	116,937
Recreation and cultural	<u>2,542</u>
Total depreciation expense - governmental activities	<u>\$ 144,868</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE G - PENSION PLAN

The Township has a pension plan covering substantially all of its elected and appointed officials and employees. The plan is maintained with the Variable Annuity Life Insurance Company. Total pension expense for the year was \$40,002. The plan provides fully insured pension credits and each year's contributions sufficient to fully fund the benefits earned during the year. Payments to the plan have been used to purchase pension benefits, so there are no separate plan assets.

NOTE H - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2005:

	No. of Issues	Interest Rate %	Maturing Through	Principal Outstanding
1998 Building Authority Bonds	1	5.1 to 7.0%	2018	<u>\$ 375,000</u>

CHANGES IN LONG-TERM DEBT

	Balance April 1, 2004	Additions	Deletions	Balance March 31, 2005	Due Within one year
General Long-term Debt	<u>\$ 390,000</u>	<u>\$ -0-</u>	<u>\$ 15,000</u>	<u>\$ 375,000</u>	<u>\$ 15,000</u>

ANNUAL DEBT SERVICE REQUIREMENTS:

Year Ending March 31,	
2006	\$ 33,744
2007	32,722
2008	36,765
2009	35,835
2010	34,885
2011-2018	<u>356,808</u>
	530,759
Less Interest	<u>(155,759)</u>
Total Principal Outstanding	<u>\$ 375,000</u>

TOWNSHIP OF GERRISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2004

NOTE H - LONG-TERM DEBT (CONTINUED)

1998 Building Authority Bonds

On February 10, 1998, the Township formed a building authority to provide for the acquisition and construction of certain public buildings, parking lots, or other sites used for the Township. During the year ended March 31, 2000, the Township Building Authority issued \$440,000 General Obligation Limited Tax bonds for the construction of a law enforcement facility.

NOTE I - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Municipal Risk Management Authority. As a member of the Authority, the Township is partially self-insured for general and auto liability, motor vehicle physical damage and property loss claims. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 2,165,756	100
Liability	5,000,000	-0-
Errors and Omission	5,000,000	-0-
Law Enforcement	5,000,000	-0-
Automobiles	5,000,000	500
Crime	10,000	-0-
Inland Marine	147,000	250
Workmen's Compensation	STATUTORY	-0-

NOTE J - PRIOR PERIOD ADJUSTMENT

The Township receives periodic payments from the State of Michigan for State Revenue Sharing. The payment received in May each year is for the months of January and February. In accordance with GASB Statement No. 34, an accrual was made to record the receivable as of March 31, 2005 and, consequently, a prior period adjustment for the prior year receivable of \$28,090 resulting in a restated General Fund beginning fund balance of \$503,229.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 218,462	\$ 218,462	\$ 232,194	\$ 13,732
Special assessment	<u>-0-</u>	<u>-0-</u>	<u>12,338</u>	<u>12,338</u>
Total Taxes and Assessments	<u>218,462</u>	<u>218,462</u>	<u>244,532</u>	<u>26,070</u>
Intergovernmental:				
State shared revenues	200,935	200,935	211,992	11,057
State swamp tax	<u>5,970</u>	<u>5,970</u>	<u>5,959</u>	<u>(11)</u>
Total Intergovernmental	<u>206,905</u>	<u>206,905</u>	<u>217,951</u>	<u>11,046</u>
Charges for Services:				
Fees	8,900	8,900	8,598	(302)
Rent	<u>500</u>	<u>500</u>	<u>1,038</u>	<u>538</u>
Total Charges for Services	<u>9,400</u>	<u>9,400</u>	<u>9,636</u>	<u>236</u>
Licenses and Permits	<u>70,000</u>	<u>70,000</u>	<u>77,289</u>	<u>7,289</u>
Interest	<u>4,200</u>	<u>4,200</u>	<u>10,786</u>	<u>6,586</u>
Other:				
Reimbursements	11,300	11,300	11,822	522
Fines and forfeitures	2,000	2,000	2,766	766
Miscellaneous	<u>-0-</u>	<u>-0-</u>	<u>945</u>	<u>945</u>
Total Other	<u>13,300</u>	<u>13,300</u>	<u>15,533</u>	<u>2,233</u>
Total Revenue	<u>522,267</u>	<u>522,267</u>	<u>525,727</u>	<u>53,460</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Salaries-board	\$ 11,010	\$ 5,655	\$ 6,163	\$ (508)
Wages-receptionist	24,517	24,582	23,337	1,245
Wages-part-time	4,961	2,480	2,261	219
Payroll taxes	16,452	16,452	12,790	3,662
Legal fees	15,000	15,000	12,197	2,803
Professional services	6,955	6,955	6,901	54
Retirement	14,814	14,814	14,697	117
Repairs and maintenance	2,000	2,500	2,071	429
Health Insurance	7,641	12,932	10,325	2,607
Printing and publishing	1,750	1,750	678	1,072
Postage	7,000	7,000	4,570	2,430
Office supplies	1,500	1,941	1,322	619
Miscellaneous	34,200	42,986	12,763	30,223
Street signs	500	760	635	125
Equipment	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
Total Township Board	<u>149,300</u>	<u>156,807</u>	<u>110,710</u>	<u>46,097</u>
Township Supervisor:				
Salary	21,927	21,927	21,927	-0-
Wages - Deputy	500	500	201	299
Fringe benefits	100	100	75	25
Office supplies	200	200	363	(163)
Repairs and maintenance	300	300	120	180
Miscellaneous	300	300	289	11
Equipment	<u>500</u>	<u>500</u>	<u>1,130</u>	<u>(630)</u>
Total Township Supervisor	<u>23,827</u>	<u>23,827</u>	<u>24,105</u>	<u>(278)</u>
Township Assessor:				
Salary	32,900	32,920	31,982	938
Field help	477	547	26	521
Fringe benefits	9,243	9,223	7,968	1,255
Notices and postage	2,250	2,250	1,941	309
Mileage	800	800	402	398
Office supplies	500	1,724	1,423	301
Repairs and maintenance	2,000	2,000	1,031	969
Miscellaneous	700	700	120	580
Equipment	<u>4,000</u>	<u>2,776</u>	<u>-0-</u>	<u>2,776</u>
Total Township Assessor	<u>52,870</u>	<u>52,940</u>	<u>44,893</u>	<u>8,047</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Election Board:				
Wages	\$ 7,000	\$ 7,000	\$ 5,793	\$ 1,207
Supplies	2,000	1,600	1,209	391
Printing and Publishing	200	200	75	125
Repairs and maintenance	-0-	400	389	11
Equipment	<u>900</u>	<u>900</u>	<u>-0-</u>	<u>900</u>
Total Election Board	<u>10,100</u>	<u>10,100</u>	<u>7,466</u>	<u>2,634</u>
Township Clerk:				
Salary - clerk	29,815	29,815	29,815	-0-
Salary - deputy	5,000	5,000	3,417	1,583
Fringe benefits	70	70	68	2
Office supplies	750	750	617	133
Printing and publishing	3,400	4,100	3,634	466
Repairs and maintenance	2,500	2,500	1,906	594
Miscellaneous	650	650	472	178
Equipment	<u>1,000</u>	<u>300</u>	<u>-0-</u>	<u>300</u>
Total Township Clerk	<u>43,185</u>	<u>43,185</u>	<u>39,929</u>	<u>3,256</u>
Township Treasurer:				
Salary - treasurer	27,560	27,560	27,560	-0-
Salary - deputy	14,405	14,684	13,948	736
Fringe benefits	9,148	11,291	10,792	499
Mileage	900	888	565	323
Office supplies	300	1,251	883	368
Postage	2,850	2,850	2,416	434
Tax statements	7,500	7,847	7,847	-0-
Repairs and maintenance	900	900	582	318
Miscellaneous	651	651	487	164
Equipment	<u>1,400</u>	<u>450</u>	<u>-0-</u>	<u>450</u>
Total Township Treasurer	<u>65,614</u>	<u>68,372</u>	<u>65,080</u>	<u>3,292</u>
Board of Review:				
Salaries	2,500	2,500	812	1,688
Legal	200	200	127	73
Miscellaneous	<u>400</u>	<u>400</u>	<u>222</u>	<u>178</u>
Total Board of Review	<u>3,100</u>	<u>3,100</u>	<u>1,161</u>	<u>1,939</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Hall:				
Custodial wages	\$ 25,117	\$ 25,167	\$ 21,319	\$ 3,848
Fringe benefits	7,024	7,024	5,854	1,170
Utilities	5,000	5,000	3,001	1,999
Mileage	1,000	698	233	465
Supplies	2,000	2,000	1,643	357
Insurance and bonds	11,500	15,602	14,459	1,143
Repairs and maintenance	9,000	9,062	9,099	(37)
Street lights	9,700	9,700	8,088	1,612
Communications	2,500	2,500	2,180	320
Miscellaneous	500	660	660	-0-
Equipment/building	<u>5,000</u>	<u>2,417</u>	<u>-0-</u>	<u>2,417</u>
Total Township Hall	<u>78,341</u>	<u>79,830</u>	<u>66,536</u>	<u>13,294</u>
Zoning:				
Salaries	8,200	8,200	6,960	1,240
Legal	1,600	1,600	901	699
Professional services	11,750	11,750	-0-	11,750
Miscellaneous	<u>1,125</u>	<u>1,125</u>	<u>21</u>	<u>1,104</u>
Total Zoning	<u>22,675</u>	<u>22,675</u>	<u>7,882</u>	<u>14,793</u>
Total General Government	<u>449,012</u>	<u>460,836</u>	<u>367,762</u>	<u>93,074</u>
Special Assessments:				
Road projects	<u>55,842</u>	<u>57,965</u>	<u>41,130</u>	<u>16,835</u>
Total Special Assessments	<u>55,842</u>	<u>57,965</u>	<u>41,130</u>	<u>16,835</u>

TOWNSHIP OF GERRISH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Building Administration:				
Salary	\$ 39,072	\$ 38,738	\$ 36,130	\$ 2,608
Plumbing and mechanical inspector	20,000	20,000	19,066	934
Electrical inspector	15,000	15,000	14,924	76
Fringe benefits	7,972	8,307	6,422	1,885
Office supplies	1,200	1,661	1,661	-0-
Mileage	3,500	3,500	2,912	588
Miscellaneous	1,760	1,760	1,619	141
Equipment	2,500	2,038	-0-	2,038
Total Inspectors	<u>91,004</u>	<u>91,004</u>	<u>82,734</u>	<u>8,270</u>
Recreation:				
Custodian	6,100	6,100	5,747	353
Mileage	1,400	1,695	1,683	12
Utilities	450	450	366	84
Repairs and maintenance	1,300	1,225	919	306
Building and grounds	5,000	4,780	4,574	206
Total Recreation	<u>14,250</u>	<u>14,250</u>	<u>13,289</u>	<u>961</u>
Contingency	<u>48,069</u>	<u>34,122</u>	<u>-0-</u>	<u>34,122</u>
Total Expenditures	<u>658,177</u>	<u>658,177</u>	<u>504,915</u>	<u>153,262</u>
Excess:				
Revenues over (under) expenditures	<u>(135,910)</u>	<u>(135,910)</u>	<u>70,812</u>	<u>206,722</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(55,094)</u>	<u>(55,094)</u>	<u>(55,094)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(55,094)</u>	<u>(55,094)</u>	<u>(55,094)</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	<u>(191,004)</u>	<u>(191,004)</u>	<u>15,718</u>	<u>206,722</u>
Fund Balance - April 1	191,004	191,004	475,139	284,135
Prior Period Adjustment	<u>-0-</u>	<u>-0-</u>	<u>28,090</u>	<u>28,090</u>
Fund Balance - April 1 (Restated)	<u>191,004</u>	<u>191,004</u>	<u>503,229</u>	<u>312,225</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 518,947</u>	<u>\$ 518,947</u>

TOWNSHIP OF GERRISH
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 406,110	\$ 406,110	\$ 527,716	\$ 121,606
State	-0-	-0-	14,476	14,476
Charges for services	72,000	72,000	95,179	23,179
Interest	12,000	12,000	6,305	(5,695)
Other	-0-	-0-	40	40
Total Revenues	<u>490,110</u>	<u>490,110</u>	<u>643,716</u>	<u>153,606</u>
Expenditures:				
Wages	292,022	280,111	222,147	57,964
Fringe benefits	46,768	59,429	36,046	23,383
Utilities	8,107	8,107	3,655	4,452
Office supplies	1,100	6,909	6,078	831
Communication	3,000	3,000	2,690	310
Training & education	9,680	9,680	4,813	4,867
Insurance	27,900	32,870	30,348	2,522
Supplies	15,860	18,127	14,876	3,251
Repairs and maintenance	33,200	32,200	21,264	10,936
Services	16,789	16,764	12,065	4,699
Mileage	1,045	1,045	768	277
Miscellaneous	10,460	3,439	3,439	-0-
Equipment/building	<u>385,300</u>	<u>379,550</u>	<u>164,967</u>	<u>214,583</u>
Total Expenditures	<u>851,231</u>	<u>851,231</u>	<u>523,156</u>	<u>328,075</u>
Excess:				
Revenues over (under) expenditures	(361,121)	(361,121)	120,560	481,681
Fund Balance - April 1	<u>361,121</u>	<u>361,121</u>	<u>758,573</u>	<u>397,452</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 879,133</u>	<u>\$ 879,133</u>

TOWNSHIP OF GERRISH
POLICE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 418,670	\$ 418,670	\$ 499,047	\$ 80,377
State	1,200	1,200	12,074	10,874
Charges for services	500	500	1,226	726
Interest	9,000	9,000	3,733	(5,267)
Other	<u>-0-</u>	<u>-0-</u>	<u>1,046</u>	<u>1,046</u>
Total Revenues	<u>429,370</u>	<u>429,370</u>	<u>517,126</u>	<u>87,756</u>
Expenditures:				
Wages	307,360	301,054	284,904	16,150
Fringe benefits	82,781	85,479	58,148	27,331
Utilities	6,000	6,000	5,860	140
Office supplies	4,000	7,638	10,139	(2,501)
Communication	6,000	4,800	4,117	683
Training & education	5,200	12,248	13,933	(1,685)
Insurance	23,000	26,009	21,555	4,454
Supplies	17,992	17,992	11,460	6,532
Repairs and maintenance	8,325	9,663	7,445	2,218
Services	22,500	28,362	12,071	16,291
Travel & meals	4,500	4,500	3,140	1,360
Miscellaneous	12,872	2,057	2,458	(401)
Equipment/building	<u>64,942</u>	<u>59,670</u>	<u>5,709</u>	<u>53,961</u>
Total Expenditures	<u>565,472</u>	<u>565,472</u>	<u>440,939</u>	<u>124,533</u>
Excess:				
Revenues over (under) expenditures	<u>(136,102)</u>	<u>(136,102)</u>	<u>76,187</u>	<u>212,289</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(16,841)</u>	<u>(16,841)</u>	<u>(16,841)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(16,841)</u>	<u>(16,841)</u>	<u>(16,841)</u>	<u>-0-</u>
Excess:				
Revenues over (under) expenditures and other financing uses	(152,943)	(152,943)	59,346	212,289
Fund Balance - April 1	<u>152,943</u>	<u>152,943</u>	<u>553,608</u>	<u>400,665</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 612,954</u>	<u>\$ 612,954</u>

TOWNSHIP OF GERRISH
SANITATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Special Assessments	\$ 268,505	\$ 268,505	\$ 278,382	\$ 9,877
Interest	<u>1,920</u>	<u>1,920</u>	<u>3,079</u>	<u>1,159</u>
Total Revenues	<u>270,425</u>	<u>270,425</u>	<u>281,461</u>	<u>11,036</u>
Expenditures:				
Contracted services	251,895	251,895	229,147	22,748
Miscellaneous	5,000	5,000	1,918	3,082
Contingency	<u>130,569</u>	<u>130,569</u>	<u>-0-</u>	<u>130,569</u>
Total Expenditures	<u>387,464</u>	<u>387,464</u>	<u>231,065</u>	<u>156,399</u>
Excess:				
Revenues over (under) expenditures	(117,039)	(117,039)	50,396	167,435
Fund Balance - April 1	<u>117,039</u>	<u>117,039</u>	<u>378,598</u>	<u>261,559</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 428,994</u>	<u>\$ 428,994</u>

TOWNSHIP OF GERRISH
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2005

	<u>Cemetery</u>	<u>Building Authority</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ <u>80,569</u>	\$ <u>159,639</u>	\$ <u>240,208</u>
Total Assets	\$ <u><u>80,569</u></u>	\$ <u><u>159,639</u></u>	\$ <u><u>240,208</u></u>
Fund Balance:			
Undesignated	\$ <u>80,569</u>	\$ <u>159,639</u>	\$ <u>240,208</u>
Total Fund Equity	\$ <u><u>80,569</u></u>	\$ <u><u>159,639</u></u>	\$ <u><u>240,208</u></u>

TOWNSHIP OF GERRISH
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED MARCH 31, 2005

	<u>Cemetery</u>	<u>Building Authority</u>	<u>Totals</u>
Revenues:			
Fees	\$ 7,480	\$ -0-	\$ 7,480
Interest	<u>4,882</u>	<u>7,202</u>	<u>12,084</u>
Total Revenues	<u>12,362</u>	<u>7,202</u>	<u>19,564</u>
Expenditures:			
Personal service	2,448	-0-	2,448
Utilities	380	-0-	380
Repairs and maintenance	1,388	-0-	1,388
Miscellaneous	300	-0-	300
Debt Service:			
Principal	-0-	15,000	15,000
Interest	<u>-0-</u>	<u>20,094</u>	<u>20,094</u>
Total Expenditures	<u>4,516</u>	<u>35,094</u>	<u>39,610</u>
Excess:			
Revenues over (under) expenditures	<u>7,846</u>	<u>(27,892)</u>	<u>(20,046)</u>
Other financing sources (uses):			
Operating transfers (in)	<u>-0-</u>	<u>71,935</u>	<u>71,935</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>71,935</u>	<u>71,935</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other uses	7,846	44,043	51,889
Fund Balance - April 1	<u>72,723</u>	<u>115,596</u>	<u>188,319</u>
Fund Balance - March 31	<u>\$ 80,569</u>	<u>\$ 159,639</u>	<u>\$ 240,208</u>



Anderson & Decker, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

July 27, 2005

Township Board
Gerrish Township
Roscommon County, Michigan

Dear Board:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Gerrish Township for the year ended March 31, 2005, which collectively comprise Gerrish Township's basic financial statements and have issued our report thereon dated July 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

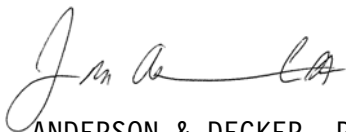
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gerrish Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gerrish Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the audit committee, management, and the Township Board, and is not intended to be, and should not be used by anyone other than these specific parties.

A handwritten signature in dark ink, appearing to read "James A. Anderson", with a stylized flourish at the end.

ANDERSON & DECKER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS